

PRESS RELEASE

Immediate release

Wednesday 7th October 2009**“State Pension Age will need to be kept under review” says Pensions Policy Institute**

Commenting on yesterday’s announcement by George Osborne MP, the Shadow Chancellor, that the Conservatives would bring forward the proposed increase to the State Pension Age from 65 to 66 for men to 2016 and would conduct a wider review of the State Pension Age, Niki Cleal, PPI Director said:

“Given improvements in life expectancy the State Pension Age will need to rise in the future to maintain the affordability of the state pension system. When the current state pension was introduced in 1948 a 65 year old man could expect to draw his state pension to age 77, by 2008 a 65 year old man could expect to draw it until age 86 – this increase in life expectancy increases the cost to the exchequer of providing the state pension.”

“There is clearly some detail that needs to be worked through in terms of how this announcement could affect women. The State Pension Age for women is already set to rise from age 60 in 2010 to age 65 in 2020.”

“Going forward, there may be a case for regular periodic reviews of the State Pension Age in the light of the latest evidence on life expectancy. Any such reviews would need to balance the latest evidence with the need to give people enough notice of any proposed increases to the State Pension Age to enable them to plan for their retirement. It may also be necessary to put in place appropriate safeguards for those people who may not be able to delay their retirement.”

ENDS

Notes for editors

1. The Pensions Policy Institute is an educational charity, which provides non-political, independent comment and analysis on pension policy and retirement income provision in the UK. Its aim is to improve information and understanding about pensions and retirement provision through research and analysis, discussion and publication.
2. Ages to which the state pension can be drawn are based on calculations of life expectancy. The figure for 1948 is from English Life Tables (ELT) 11 which is based on data collected in the 1951 census from England and Wales. The figure for life expectancy in 2008 is for the UK as a whole and comes from the projections of life expectancy by the Government Actuary’s Department in their 2006 population projections.

For further information please contact -

Niki Cleal, Director of the PPI on 020 7848 3744 or 07834 275083
email: niki@pensionspolicyinstitute.org.uk

Martin Campbell, Beacon Strategic Communications: 07802 634695
email: martin@beaconstrategic.com